

Template for notifying the intended use of a systemic risk buffer (SRB)

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1. Notifying national authority and scope of the notification	
1.1 Name of the notifying authority	Finansinspektionen (Swedish Financial Supervisory Authority)
1.2 Type of measure intended (also for reviews of existing measures)	Maintain an existing systemic risk buffer rate.
2. Description of the notified measure	
2.1 Institutions covered by the intended SRB	Skandinaviska Enskilda Banken AB, F3JS33DEI6XQ4ZBPTN86 Svenska Handelsbanken AB, NHBDILHZTYCNBV5UYZ31 Swedbank AB, M312WZV08Y7LYUC7168
2.2 Buffer rate (Article 133(11)(f) of the CRD)	3%
2.3 Exposures covered by the SRB	All exposures on group level.
3. Timing of the measure	
3.1 Timing of the Decision	29 December 2020
3.2 Timing of the Publication	29 December 2020
3.3 Disclosure	Finansinspektionen has on 20 November 2020 published a memorandum on Finansinspektionen's website in which Finansinspektionen declares its intention to maintain a systemic risk buffer of 3% for the above mentioned credit institutions and publish decisions no later than 1 January 2021. https://www.fi.se/en/published/important-pms-and-decisions/2020/fi-has-

	decided-on-a-change-in-the-application-of-banks-capital-requirements/ FSA intends to publish the decisions, with the justifications, on its website.
3.4 Timing of Application	The new decisions, according to CRD 5, will enter into force on 29 December 2020. With the new decisions a systemic risk buffer of 3 % will be maintained.
3.5 Phasing in	No phase-in. The above mentioned credit institutions are already subject to systemic risk buffers of 3 %.
3.6 Review/deactivation of the measure	The systemic risk buffer will be reviewed every two years. The basis for the measure is the systemic risk caused by the structure of the Swedish banking system and these are not factors that move quickly. Therefore, it is not our current expectation that the measure will be changed during the upcoming years.
4. Reasons for the intended SRB	
4.1 Description of the long-term non-cyclical systemic risk in your Member State (Article 133(11)a of the CRD)	Skandinaviska Enskilda Banken, Svenska Handelsbanken AB and Swedbank AB ("the three credit institutions") shall be subject to a SRB of 3 % to counteract the structural systemic risk arising from similarities of the three banking groups. The risk that a problem in one institution will coincide with problems in the other two institutions is much higher than for the other institutions in Sweden. Since the three credit institutions have a large market share in Sweden the consequences of problems will be even more serious. The Swedish banking system is large compared to the economy. It is also concentrated and interlinked. The banking system is characterized by a high level of market funding, including considerable funding in foreign currency. The banking system is characterized by a high level of market concentration. There are three major Swedish banks, Skandinaviska Enskilda Banken, Svenska Handelsbanken AB and Swedbank AB (all of them are identified as O-SII), which conduct business in the major part of Sweden. Together with the Swedish operations of the two foreign banks, Nordea and Danske Bank, they hold around 71 % of the banking system's lending to the public and around 78 % of the assets. Unlike the smaller Swedish banks the three credit institutions have similarities due to having major operations outside Sweden, primarily in northern Europe. They are also to a higher extent active on the international financial markets. As a result of the international operations the three credit institutions are more vulnerable to international economic problems and international financial stress. The risk that a problem in one the three credit institutions will coincide with problems in the other two institutions of the three credit institutions is much higher than for the other institutions in Sweden. As a result of the similarities between the three credit institutions the market will to a greater extent assume that problems in one credit institution exist in the other two credit institutions which increases the structural risk. A dependency of trust therefore exist between the three credit institutions. Major interruptions in the financial system risk leading to serious and negative consequences for the real economy and it will be difficult to

	mitigate a crisis without major costs for society. Due to the Swedish structure there is concentration of risk and clear links between the three credit institutions. Therefore there is risk that a crisis will affect the entire system. The risk for a financial crisis is not necessary greater in Sweden than in other countries but the consequences of a banking crisis risk being major if it would occur. A contributing factor in this regard is the central role of the credit institutions when it comes to credit supply for the real economy. The banks ability to maintain lending is especially important in a period of crisis. The risk is widespread in the whole financial sector.
4.2 Reasons why the dimension of the long-term non-cyclical systemic risk threatens the stability of the financial system in your Member State (Article 133(11)(b) of the CRD)	Please see 4.1.
4.3 Indicators used for the activation of the measure	The above mentioned credit institutions are already subject to a systemic risk buffer of 3 %. Finansinspektionen's intention is to maintain that level. The decision to maintain the buffer is based on a number of different indicators relating to the size of the above mentioned credit institutions in relation to the Swedish economy as well as their interlinkages as described under 4.1. The level of the buffer is a result of the level of risk. Determining a necessary or sufficient size for the systemic risk buffer will, by necessity, largely be a qualitative assessment.
4.4 Effectiveness and proportionality of the measure (Article 133(11)(c) of the CRD)	The purpose of the buffer is to ensure that the above mentioned credit institutions hold more capital and thereby are more resilient towards stress events. Any real test of that the measure is effective is not possible until the credit institutions face an actual distressed situation.
4.5 Justification of inadequacy of existing measures in the CRD or in the CRR, excluding Articles 458 and 459 of the CRR, to address the identified risks (Article 133(11)(e) of the CRD)	The systemic risk buffer will cover risk that the other measures in CRD and CRR do not cover.
5. Cross-border and cross-sector impact of the measure	
5.1 Assessment of cross-border effects and the likely impact on the internal market (Article 133(11)(d) of the CRD and Recommendation ESRB/2015/2)	Finansinspektionen does not expect the measure to have any negative consequences for the internal market. The systemic risk buffer is placed on the three major bank's total exposures, thus no difference is made based on the domicile of the exposures. The above mentioned credit institutions have been subject to a systemic risk buffer of 3 % since 1 January 2015. Finansinspektionen has not noted any negative consequences for the internal market. With the decision a systemic risk buffer of 3 % will be maintained.

5.2 Assessment of leakages and regulatory arbitrage within the notifying Member State	Finansinspektionen does not expect the measure to have any negative consequences for leakages and regulatory arbitrage. The systemic risk buffer is placed on the above mentioned credit institution's total exposures, thus no difference is made based on the domicile or type of exposures. Finansinspektionen will monitor closely any impact of the measure on other sectors of the Swedish financial system.
5.3 Reciprocation by other Member States (Article 134(4) of the CRD and Recommendation ESRB/2015/2)	No
6. Combination of the SRB with other buffers	
6.1 Combination with G-SII and/or O-SII buffers (Article 133(4) and (5) of the CRD)	a. The above mentioned credit institutions will be subject of an O-SII buffer of 1 % on consolidated level from 29 December 2020 (at the moment the O-SII buffer is 2 %). b. The SRB will be applied cumulatively with the O-SII buffer according to art 131.15 of CRD 5.
6.2 Other relevant information	-
7. Miscellaneous	
7.1 Contact person(s) at notifying authority	Björn van der Veer, Senior legal counsellor, Banking law, +47 76 507 83 13 bjorn.vanderveer@fi.se
7.2 Any other relevant information	-